

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF NATURAL) CASE NO. 2007-00515
ENERGY UTILITY CORPORATION)

ORDER

On December 18, 1991, in Case No. 1991-00138, the Commission approved rates for Natural Energy Utility Corporation (“Natural Energy”) and provided for their further adjustment in accordance with Natural Energy’s gas cost adjustment (“GCA”).¹

On December 13, 2007, Natural Energy filed its proposed GCA to be effective January 1, 2008.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Natural Energy’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Natural Energy’s notice sets out an expected gas cost (“EGC”) of \$7.1888 per Mcf, which is an increase of \$.0072 per Mcf from the previous EGC of \$7.1816.
3. Natural Energy’s notice sets out no current quarter supplier refund adjustment (“RA”). Natural Energy’s notice sets out no total RA.
4. Natural Energy’s notice sets out a current quarter Actual Adjustment (“AA”) of \$0 per Mcf. Natural Energy incorrectly used the GCA from Case No. 2007-

¹ Case No. 1991-00138, Columbia Gas of Kentucky, Inc. vs. Kentucky-Ohio Gas Company.

00083² rather than the EGC for July, August and September 2007 from Case No. 2007-00212³ in calculating the monthly cost difference. Correcting for this produces a current quarter AA of (\$.0733) per Mcf. Natural Energy also carried forward incorrect AAs from previous quarters. After correcting for this, Natural Energy's total AA is (\$.1626) per Mcf, which is a decrease of \$.1223 per Mcf from the previous total AA.

5. Natural Energy's GCA is \$7.0262 per Mcf, which is a decrease of \$.1151 per Mcf from the previous GCA of \$7.1413.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Natural Energy on and after January 1, 2008.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Natural Energy are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after January 1, 2008.
3. Within 20 days of the date of this Order, Natural Energy shall file with the Commission its revised tariff sheets setting out the rates authorized herein.

² Case No. 2007-00083, The Notice of Purchased Gas Adjustment Filing of Natural Energy Utility Corporation.

³ Case No. 2007-00212, Notice of Purchased Gas Adjustment Filing of Natural Energy Utility Corporation, Order dated June 22, 2007.

Done at Frankfort, Kentucky, this 21st day of December, 2007.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and flourishes, positioned above a horizontal line.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00515 DATED December 21, 2007

The following rates and charges are prescribed for the customers in the area served by Natural Energy Utility Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

| <u>Monthly</u> | <u>Base Rate</u> | <u>Gas Cost Recovery Rate</u> | <u>Total Rate</u> |
|----------------|------------------|---------------------------------------|-----------------------|
| All Mcf | \$4.24 | \$7.0262 | \$11.2662 |

Minimum Bill